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T H E S H E E P A N D L A M B S I T U A T I O N

Summary

Marketings of fed lambs probably will continue smaller than a year earlier during the remainder of the current fed lamb marketing season, which ends about April 30. Consumer demand for meats is not expected to change much from present levels in the next few months, but may improve somewhat further by summer.

Feed conditions in the principal early lambing areas are fairly favorable, although not so favorable as in the winter and spring of last year. The development of early lambs has been retarded by the shortage of green feed in California and Texas, and marketings of early lambs from those States may be later than they were last year. The market movement of grass fat yearlings from Texas also may get under way later than usual this spring.

Prices of lambs have held about steady thus far in the present fed lamb marketing season, which began December 1. For the week ended February 11, the average price of good and choice slaughter lambs at Chicago was about \$8.80. In both early January and early December it was about \$8.90. The steady prices in the past month are in marked contrast to the sharp decline in January last year. In early February 1938 the weekly average price of good and choice lambs at Chicago was about \$7.00. The higher prices of lambs this year than last reflect largely the stronger consumer demand for meats, and the smaller slaughter supplies of sheep and lambs.

The total number of sheep and lambs on farms, including sheep and lambs on feed for market, on January 1, 1939, was estimated to be about

53.8 million head compared with 52.7 million a year earlier. The number of stock sheep on farms on January 1 was about 48.1 million head, about 3 percent larger than a year earlier and the largest since January 1, 1934.

REVIEW OF RECENT DEVELOPMENTS

Background.- Prices of lambs advanced somewhat from late September through November, 1938, whereas prices are usually fairly steady in this period. The rise in prices was due chiefly to the improvement in consumer demand in the last half of 1938. The 1938 lamb crop was about 5 percent larger than that of 1937 and was the largest on record. In the first 7 months (May-November) of the 1938-39 lamb market year, marketings of lambs were larger than a year earlier, but in December and January they were smaller.

Lamb prices continue steady in January

Thus far in the present fed lamb marketing season, which began December 1, prices of slaughter lambs have held fairly steady. For the week ended February 11 the average price of good and choice slaughter lambs at Chicago was about \$8.80 compared with \$8.90 in early January and \$8.90 in early December. In January last year lamb prices declined sharply, and by early February 1938 the weekly average price of good and choice lambs at Chicago was only about \$7.00. The higher prices this year than last reflect the stronger consumer demand for meats and the smaller slaughter supplies of sheep and lambs.

January slaughter smaller than a year earlier

Inspected slaughter of sheep and lambs in January, totaling 1,456,000 head, was about 8 percent larger than in December, but it was about 6 percent smaller than in January last year.

Average weights of lambs marketed increased seasonally in December and January. The average weight in December was no heavier than a year earlier, but it was heavier than average. Lambs were put on feed at relatively heavy weights in both 1937 and 1938. Good gains were made last year and thus far in the present feeding season. In recent weeks lambs weighing more than 95 pounds have sold at a discount under prices of lambs weighing 90 pounds and less, as is frequently the case when the proportion of heavy lambs in the market supplies is relatively large.

Lamb feeding situation

As stated in the January issue of The Sheep and Lamb situation the number of sheep and lambs on feed in the principal feeding States on January 1, 1939 was about 5 percent smaller than a year earlier. The number on feed in the Corn Belt on January 1, 1939 was about 4 percent smaller than a year earlier, with all of the reduction in the Eastern Corn Belt as numbers on feed in the Western Corn Belt were a little larger. In the Western States, including Texas, Oklahoma and North Dakota, the number on feed on January 1 was about 6 percent smaller.

The market movement of lambs from feed lots in Colorado and western Nebraska in January was only about one-half the even smaller large movement in January last year. The smaller movement continued into February; consequently it is probable that the number of lambs remaining in feed lots in Colorado and western Nebraska on March 1 this year will be about as large as the number remaining on feed in that area a year earlier.

The feed situation in the main sheep area of Texas was improved by rains during January. But a considerable number of Texas lambs were shipped to feed lots in other States during the month.

OUTLOOK

In view of the smaller number of lambs on feed on January 1 this year than last, it is expected that marketings of fed lambs during the remainder of fed lamb season, up to May 1, will be smaller than those of a year earlier. Total slaughter supplies of sheep and lambs in this period probably will be no larger, and may be smaller, than in the late winter and early spring of last year.

Little change in consumer demand for meats from present levels is expected during the next few months, but there may be some further improvement by summer.

Inspected slaughter of sheep and lambs in the first 9 months (May-January) of the 1938-39 lamb marketing year, totaling about 13.7 million head was about 5 percent larger than in the corresponding months of 1937-38. It was the second largest slaughter for the period on record. All of the increase over a year earlier was in the period from May through November, as slaughter in December and January was smaller than a year earlier.

Slaughter thus far in the present lamb marketing year has not been large in relation to the 1938 lamb crop, and if the reduced rate of slaughter of December and January continues through April, slaughter for the entire 1938-39 marketing year will be small in relation to the lamb crop. Such a situation now seems probable in view of the retention of a larger-than-usual proportion of ewe lambs for breeding.

Feed conditions in the principal early lambing areas are rather favorable, although not so favorable as a year earlier. The development of early lambs in the interior valleys of California and in Texas has been retarded by the shortage of new green feed, and marketings may be later than last year. The size and development of the early spring lamb crop, however, will be affected to a considerable extent by feed and weather conditions in the next 2 months.

Drought conditions in Texas were relieved by rains in January, and prospects are now favorable for early spring grass. But because of the drought conditions earlier, the market movement of grass fat yearlings from Texas may begin somewhat later than usual this year.

The number of sheep and lambs on farms, including those on feed for market, on January 1, 1939 was estimated to be about 53.8 million head compared with 52.7 million head a year earlier. As the number of sheep and lambs on feed for market on January 1 was smaller than a year earlier, the

increase in the number of stock sheep on farms on January 1 was larger than the increase in the total number of sheep and lambs. This increase in the number of stock sheep of about 1.3 million head was about equally divided as between ewe lambs kept for breeding and ewes 1 year old and over. Further discussion of the change in the number of sheep and lambs on farms will be given in March issue of this report.

WOOL SITUATION 1/

The outlook for wool in this country for the 1939 season, which begins about April 1, is more favorable than at the beginning of the 1938 season. Domestic stocks of wool on December 31 were smaller than a year earlier. Since consumption for the first quarter of 1939 will be much larger than in the same months of last year, the carry-over of wool into the new season will be considerably smaller than in 1938.

Domestic mill consumption of apparel wool in November and December was higher than at any time since March 1937. Because of the low rate of consumption in the early months of 1938, however, consumption on a scoured basis for the year was about 13 percent smaller than in 1937 and was below the 1932-36 average. With prospects of an improvement in consumer demand, it is probable that mill consumption for the entire year 1939 will be somewhat larger than in 1938.

The higher rate of mill consumption and the reduction in supplies of wool in the United States will be strengthening factors in domestic wool prices in 1939. But the spread between domestic and foreign wool prices has widened considerably in recent months as a result of the rise in prices of domestic wool and declines in foreign prices in terms of United States dollars. Unless there is some increase in foreign prices, domestic wool prices cannot advance greatly without attracting larger imports of wool.

United States imports of apparel wool for consumption totaled 31 million pounds in 1938 compared with 150 million pounds in 1937 and a yearly average of 52 million pounds for the 1932-36 period.

The volume of wool sold increased in the Boston market in January, and quotations on most graded territory wools advanced 2-3 cents a pound, scoured basis, during the month. The United States average price of wool received by farmers on January 15 was 20 cents a pound compared with 20.2 cents on December 15 and 21.6 cents on January 15, 1938. Wool prices at the first series of 1939 London sales which opened January 17 were generally 5 to 10 percent lower than at the close of the previous series December 7. The decline in prices of crossbred wool was greater than the drop in merino prices.

On January 1, apparent supplies for disposal in the five principal exporting countries of the Southern Hemisphere were 8 percent smaller than a year earlier and 3 percent smaller than the January 1 average supplies in the 5 years, 1933-37. Indications are that January 1 stocks in most foreign importing countries, except Japan, were somewhat larger this January 1 than last.

1/ From February issue of the Demand and Price Situation. For a more detailed discussion see the February issue of the Wool Situation, copies of which may be obtained from the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

Price per 100 pounds of sheep and lambs, by months,
November - January, 1936-37 to 1938-39

Item	1936-37			1937-38			1938-39		
	Nov.	Dec.	Jan.	Nov.	Dec.	Jan.	Nov.	Dec.	Jan.
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Slaughter lambs, Chicago: :									
Good and choice	8.72	8.69	10.16	9.20	8.37	7.71	8.65	8.85	8.92
Medium and good	7.78	7.89	9.27	8.36	7.45	6.93	7.52	7.75	7.74
Slaughter ewes, Chicago: :									
Good and choice	3.78	4.10	5.24	3.99	3.85	3.94	3.81	4.06	4.27
Common and medium	2.46	2.78	3.85	2.84	2.97	3.08	2.80	2.91	2.97
Feeding lambs, Omaha: :									
Good and choice	7.06	7.14	8.76	8.70	7.95	7.49	7.84	8.07	8.23
Average price paid by packers: :									
Sheep and lambs	7.92	8.19	9.50	8.55	8.18	7.74	7.90	8.31	
Average price received by farmers: :									
Sheep	3.58	3.85	4.24	3.95	3.86	3.67	3.53	3.69	3.83
Lambs	7.23	7.26	7.92	7.87	7.48	7.15	6.82	7.08	7.33
Lamb, New York: :									
Wholesale carcass: <u>1/</u> :									
Choice	15.95	14.20	16.02	20.08	19.58	17.62	18.18	17.91	18.98
Good	15.05	13.27	15.05	18.97	18.55	16.62	17.49	17.19	18.18
Medium	14.21	12.20	14.12	17.77	17.19	15.35	15.60	15.10	16.72
Pulled wool, Boston: <u>2/</u> :									
Choice AA	99.4	107.6	118.6	88.9	79.9	77.8	82.7	79.2	79.0
Choice White B	83.1	95.1	104.2	71.9	61.5	60.5	64.9	62.0	65.0
Sheep pelts, packers :									
shearlings, No.1, Chicago :									
each <u>3/</u>	1.02	1.32	1.46	0.94	0.68	0.72	0.73	0.72	0.75

1/ For choice and good, 38 pounds down; for medium, 38 pounds down in 1936 and 1937, and all weights in 1938 and 1939.

2/ Cents per pound.

3/ Bureau of Labor Statistics.

